

Message Text

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PAGE 01 BUDAPE 03224 120828Z

ACTION EB-08

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FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC PRIORITY 2178

LIMITED OFFICIAL USE BUDAPEST 3224

E.O. 11652: NA

TAGS: ETRD, HU

SUBJECT: UNITED STATES INTERNATIONAL TRADE COMMISSION (USITC)
ANTIDUMPING INQUIRY ON INCANDESCENT LAMPS FROM HUNGARY

REF: STATE 195576

1. DURING RECENT VISIT TO WASHINGTON OF HUNGARIAN TRADE NEGOTIATOR JANOS NYERGES, HE DISCUSSED INFORMALLY WITH STATE, STR, AND TREASURY REPS WHETHER A LETTER FROM THE GOH WOULD ASSIST IN THE SETTLEMENT OF THE TUNGSRAM DUMPING INQUIRY. DIRECTOR OF MAIN DEPARTMENT FOR DEVELOPED NON-SOCIALIST COUNTRIES OF THE MINISTRY OF FOREIGN TRADE TIBOR ANTALPETER CALLED IN EMBASSY ECONOFF AUGUST 10 TO SEEK FURTHER CLARIFICATION OF POSSIBLE FORM AND IMPACT OF SUCH A LETTER. EMBASSY REQUESTS GUIDANCE FOR REPLY TO QUESTIONS POSED BY ANTALPETER.

2. ANTALPETER INFORMED EMBOFF THAT TRADE POLICY (NYERGES), LEGAL, AND HIS OWN SECTIONS OF THE MINISTRY OF FOREIGN TRADE HAVE GIVEN SERIOUS CONSIDERATION TO SUBMITTING AN OFFICIAL LETTER IN THE TUNGSRAM CASE. THEY HAVE A NUMBER OF QUESTIONS, WHICH CAN BE BROKEN DOWN INTO TWO BASIC ISSUES: A) WHAT WOULD BE THE EFFECT OF SUCH A LETTER; AND B) WHAT WOULD THE LETTER HAVE TO SAY TO ACHIEVE THIS

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PAGE 02 BUDAPE 03224 120828Z

EFFECT.

3. WITH REGARD TO EFFECT, ANTALPETER IS BASICALLY ASKING IF AN OFFICIAL LETTER WOULD SIGNIFICANTLY INFLUENCE OUTCOME OF CASE. AS HE EXPLAINED IT, PAST ANTIDUMPING CASES AGAINST HUNGARY IN THE EUROPEAN COMMUNITY HAVE BEEN RESOLVED WHEN THE GOH FURNISHED ASSURANCES REGARDING FUTURE PRICING POLICIES. MFT IS HOPING THIS CASE

COULD BE SIMILARLY RESOLVED BY SATISFACTORY GOH ASSURANCES.

COMMENT: GOH IS APPARENTLY NOT CERTAIN IF THEY SHOULD FURNISH A LETTER IF IT WOULD SIMPLY BE ONE MORE DOCUMENT TO BE CONSIDERED IN OVERALL EXAMINATION OF SUIT. END COMMENT.

4. TWO QUESTIONS ARISE WITH REGARD TO CONTENT OF LETTER. FIRST IS WHETHER IT SHOULD CONTAIN ASSURANCES PRIMARILY WITH REGARD TO PRICING POLICY, OR WITH REGARD TO QUANTITY OF LIGHT BULBS TO BE SHIPPED FROM HUNGARY. SECOND QUESTION IS DEGREE OF ASSURANCE REQUIRED. ANTALPETER EXPLAINED THAT GOH DOES NOT HAVE SUFFICIENT AUTHORITY OVER ENTERPRISES TO SUPPLY IRON-CLAD GUARANTEES; HE WAS THINKING MORE ALONG THE LINES OF SUCH LANGUAGE AS "THE MINISTRY OF FOREIGN TRADE HAS DISCUSSED THE ISSUE OF LIGHT BULB SALES WITH THE TUNGSRAM CORPORATION, WHICH HAS ASSURED THE MFT THAT IT PLANS TO FOLLOW THE FOLLOWING POLICIES WITH REGARD TO SALES TO THE UNITED STATES ..." HE WONDERED IF SOMETHING LIKE THIS WOULD BE SUFFICIENT. COMMENT: ANTALPETER WAS MAINTAINING NEGOTIATING ROOM IN DISCUSSING FIRMNESS OF ASSURANCES REQUIRED. END COMMENT.

5. IN ADDITION TO TWO PRIMARY CONCERNS DISCUSSED ABOVE, QUESTION AROSE OF TIMING. AT WHICH PHASE OF THE ANTIDUMPING PROCEEDINGS WOULD THE LETTER BE IMPORTANT (MORE SPECIFICALLY, SHOULD THE GOH RUSH A LETTER TO THE USITC DURING THE CURRENT PRELIMINARY INQUIRY)? ALSO, ANTALPETER ASKED TO WHOM SHOULD LETTER BE ADDRESSED.

6. IN ANSWERING ABOVE QUESTIONS, EMBASSY WONDERS ABOUT RELATION-LIMITED OFFICIAL USE

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PAGE 03 BUDAPE 03224 120828Z

SHIP OF GOH LETTER TO ASSURANCES ALREADY GIVEN BY TUNGSRAM AND ACTION TUNGSRAM REGARDING PRICE POLICY AND FUTURE SALES PLANS. TUNGSRAM WILL PRESUMABLY REPEAT THESE ASSURANCES IN THE MATERIAL IT WILL SUBMIT IN RESPONSE TO USITC QUESTIONS TRANSMITTED REFTEL. WOULD THE SAME ASSURANCES REPEATED BY THE GOH MATERIALLY INFLUENCE THE OUTCOME OF THE CASE?

7. IN COURSE OF MEETING, ANTALPETER EXPLAINED THAT RESPONSIBILITY FOR ISSUES SUCH AS DUMPING IS INEVITABLY DIVIDED BETWEEN HIS SECTION AND NYERGES' TRADE POLICY DIVISION, BUT THAT AS SPECIFIC BILATERAL PROBLEMS ARISE PRIMARY RESPONSIBILITY WILL BE ANTALPETER'S. HE IS VERY INTERESTED IN SEEING NEW TREASURY DUMPING REGULATIONS FOR STATE CONTROLLED ECONOMIES, AND HAD A NUMBER OF QUESTIONS AS TO CHOICE OF THIRD COUNTRY FOR COMPARATIVE COSTS, ETC. WE SUGGEST IT WOULD BE HELPFUL IF GROUP COMING FOR SEPTEMBER TARIFF TALKS COULD INCLUDE SOMEONE COMPETENT TO MEET WITH ANTALPETER AND HIS STAFF TO DISCUSS THESE QUESTIONS.

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